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**APPLIED DEVELOPMENT HOLDINGS LTD.**

**實力建業集團有限公司 \***

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 519)**

**UNUSUAL PRICE AND VOLUME MOVEMENT  
AND  
RECENT DEVELOPMENTS IN  
THE STOCK PURCHASE AND JOINT VENTURE AGREEMENT**

The Board has noted the recent unusual price movement and trading volume of the shares of the Company and wishes to state that, save for the recent developments of the Transactions as detailed below, the Board is not aware of any reasons for such unusual movement.

The Directors wish to update the shareholders of the Company and the public investors about the recent developments in relation to the Agreement entered into by and among Quorum, InterIsle, Applied Enterprises and Applied Toys on 11 August 2006 regarding the joint venture arrangement to develop the property in Beef Island, the British Virgin Islands.

**UNUSUAL MOVEMENT IN PRICE AND TRADING VOLUME**

The Board has noted the recent unusual price movement and trading volume of the shares of the Company and wishes to state that, save for the recent developments of the Transactions as detailed below, the Board is not aware of any reasons for such unusual movement.

**RECENT DEVELOPMENTS IN THE AGREEMENT**

Reference is made to the circular issued by the Company dated 31 August 2006 (the “Circular”) regarding, amongst others, the Agreement entered into by and among Quorum, InterIsle, Applied Enterprises and Applied Toys on 11 August 2006 in relation to the joint venture arrangement to develop the property in Beef Island, the British Virgin Islands (the “Agreement”) and the announcement dated 30 November 2006 regarding the delay in Closing Date of the Agreement (“Announcement”). Terms used herein shall have the same meanings as those defined in the Circular and the Announcement unless the context otherwise requires.

The Board wishes to inform the Shareholders that negotiations on the terms and conditions of the Initial Loan have reached the final stage as between the lender, Quorum, InterIsle and Applied Enterprises under which InterIsle will arrange for the Initial Loan in the sum of US\$51 million (equivalent to approximately HK\$397,800,000) to be secured by a first mortgage lien on the Real Property to be provided to Quorum. The Directors have been informed by InterIsle that the proposed bank providing the Initial Loan has

appraised the Real Property for the sum of US\$58.5 million (equivalent to approximately HK\$456,300,000), representing 14.7% higher than the Initial Loan amount of US\$51 million (equivalent to approximately HK\$397,800,000).

In addition, the Board is pleased to confirm that the following conditions for the closing of the Transactions have also been fulfilled:

- (i) Quorum has received planning approval of the Master Plan from Development Control Authority and all other appropriate governmental authorities of the British Virgin Islands; and
- (ii) Quorum has received all other governmental approvals, permits, licenses, authorizations and clearances required for its performance of the Agreement, the Development Agreement and the Initial Development Management Agreement and the transactions contemplated therein.

Currently, Applied Enterprises and InterIsle are in negotiations with both Ritz Carlton LLC and Four Seasons to develop the Real Property into a mixed use 5 star luxury resort. The development of the Project is undergoing readily and the Company expects that the presale of the residential units will take place in the second quarter of 2007.

In view of the above, the Company expects Closing to take place shortly. Accordingly, Applied Enterprises and Quorum have agreed to extend the Closing Date from 31 January 2007 to a later date to be agreed by both parties.

The Board confirms that, save as disclosed above, there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under rule 13.23, neither is the Board aware of any matter discloseable under the general obligation imposed by rule 13.09, which is or may be of price-sensitive nature.

Made by the order of the Board, the directors of which individually and jointly accept responsibility for the accuracy of this announcement.

By order of the board  
**Applied Development Holdings Limited**  
**Hung Kin Sang, Raymond**  
*Executive Director*

Hong Kong, 30 January 2007

*As at the date of this announcement, the Executive Directors of the Company are Mr. Hung Kin Sang, Raymond, Ms. Hung Wong Kar Gee, Mimi, Mr. Fang Chin Ping and Mr. Hung Kai Mau, Marcus and the Independent Non-executive Directors of the Company are Mr. Soo Hung Leung, Lincoln, Mr. Lo Yun Tai, Mr. Lun Tsan Kau and Mr. Lam Ka Wai, Graham.*

\* *For identification purpose only*

“Please also refer to the published version of this announcement in the South China Morning Post”